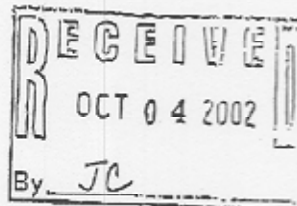




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX
75 Hawthorne Street
San Francisco, CA 94105-3801



David Cunningham
06-8-3

September 24, 2002

Mr. Jay Chen
Senior Manager
SCAQMD
21865 E. Copley Drive
Diamond Bar, CA 91765-4182

Copies to:
Charlie
Tom
David
Sam
Richard
Mohan
Note that Tom will
(Sam) issue the permits
with the conditions
mentioned in the
letter. Gary

Reference: EPA Concurrence for Use of Alternative Requirements Pursuant to
SCAQMD Rule 1469

Dear Mr. Chen:

We have reviewed your request for EPA concurrence regarding your approval of the use
of an alternative requirement pursuant to Rule 1469(k) for the following companies:

Mil-Spec Plating, Inc., located in South El Monte, CA *91733 Kim*
Chrome Plate Company, located in Inglewood, CA *Fred*
Service Plating, Inc., located *L.A. 90001 Fred*

Upon review of the documentation you have submitted for the aforementioned companies,
the EPA hereby concurs with your recommendations to approve the alternative requirements
as proposed. The EPA has determined that in using such alternative requirements, the
aforementioned companies will be operating in compliance with State and Federal NESHAP
requirements. Please be advised that this concurrence is contingent upon the incorporation
of the appropriate proposed permit conditions on each facility's operating permits to ensure
continued compliance.

If you have any questions, please call Kingsley Adeduro, at 415-947-4182, or John Brook
at 415-972-3999.

Sincerely,

Duane James, Chief, Enforcement Office
Air Division

cc: Mike Bandrowski

Metal Finishers

- Represent a vital industry in California
- MFASC and STA represent most of 225 facilities in California
- MFASC/STA are pro-active and pro-environment
 - 99.9+% reductions in Cr6 since 1986 means our places are clean and getting cleaner
 - Winner of Clean Air Awards
 - Recipient of National Pollution Award
- Dirty shops are history. “Rogue” shops should be closed

Three Requested Changes by Metal Finishers

(from September 28 presentation)

1. Flexibility to reach emission standard
2. Use of all approved technologies to reach emission standard
3. Consider risk to setting emission standard

Metal Finishers agreed to original proposed

ATCM if these three changes were made

Little Emission, Big Cost

- Metal finishers represent four (4) pounds of over 3,000 pounds of Cr6 emissions in state
- The Proposed ATCM still seeks to reduce more than 2.2 pounds of Cr6 from the metal finishing industry (0.0724% of statewide total)
- Staff Report originally suggested the cost of this reduction is \$14.2 million, but the figure is likely higher given the latest version of the proposed ATCM

Business Impact

- Staff Report stated the cost of the measure is \$14.2M which is to be borne by about 90 facilities
- Staff Report identified that a decline on the return on owner's equity (ROE) will average of 9% (10% being significant)
- Using CARB data, economist from Environomics determined ROE decline is 44-60%, demonstrating a significant adverse effect on business
- Changes in latest Proposed ATCM make economic consequences worse for specific facilities with low risk (less than 1:1M).

The Economic Impact

(from September 28 Presentation)

If adopted as drafted the proposed ATCM causes:

- Closure of 68 California facilities (30%)
- Loss of 3,860 jobs
- A “ripple effect” through manufacturing business in California
- Impact on out-of-state competitiveness
- If passed, proposed ATCM will cost \$154 million per cancer case avoided
 - Highest previous CARB-approved ATCM (\$18.6M)

Economic analysis by Environomics on these concerns is found in MFASC/STA submission

Comments concerning the latest Proposed ATCM

Our previously requested changes:

1. Flexibility **Language added without change**
2. Foam Blankets certified. **No language change**
3. Low risk, small facilities allowed to use chemical fume suppressants. **Minimal changes made**

New Measure:

4. Annual distance tracking. **Propose deletion**

Existing Measures:

5. Record keeping; housekeeping. **Continue support**

1. “Equivalency” is not flexibility

- Proposed ATCM mandates “add-on controls”
- “Equivalency” requires EPA concurrence
- The EPA equivalency option already exists in the regulation as well as the original proposed ATCM
- EPA suggests that it will take 45 days to concur (per its 1998 MOU with CARB).

“Equivalency” is not flexibility

—con'd

- Experience has shown that EPA concurrence can take years to obtain
- Example: In 1998, four hard chrome facilities sought concurrence for use of an alternative under the existing rule
- **Concurrence obtained over four years later!**
- 75-100 facilities will be required to obtain case-by-case concurrence

Cal-Electroplating

- Proposed rule is going backwards and “backsliding” is generally prohibited
- Facility must comply with “add-on” control requirement (less than 330 feet; greater than 20,000 AH/Y) of 0.0015 mg/AH
- Company already tested and meeting 0.00013 mg/AH. This result is **MORE THAN 10 TIMES** lower than the requirement!
- If concurrence delays or prevents approval before Effective Date, the company must spend money to install add-on controls to meet a less stringent standard

Cal-Electroplating

–con'd

- Efforts by company established means to measure effectiveness of in-tank controls
- Local air district involved in process
- Industry-agency interaction beneficial for both parties
 - allowed company to demonstrate technology and eliminate misperceptions
 - allowed agency to verify actual technology

2. Approved Technology does not include Foam Blankets

- Only three technologies certified by CARB. All exclude foam blankets
- Foam blankets work with chemical fume suppressants, not by themselves
- SCAQMD approved five technologies, which include foam blankets (with fume suppressants)
- Staff endorsed use of foam blanket with certified fume suppressant at the September 28 hearing
- Industry proposes that CARB certify combination technology or permit local air districts to do so

3. Understanding Risk

- Very little actual testing conducted for proposed ATCM, especially for in-tank controls
- Modeling requires many assumptions
- Each step estimating risk **ALWAYS** errors to be health protective
- Certain evaluations, like determining cancer risk, must be done to inform decision makers regarding “how safe is safe”
- Metal Finishers now represent low risk and PAATCM takes the risk even lower

One in One Million

- Risk threshold assumes one cancer case in one million persons exposed to that emission rate for 70 YEARS! (“1:1M”)
- 1:1M is generally applied as a level to demonstrate acceptable risk
- CARB Staff Report assumed overly conservative modeling (modeled risk overstates actual risk by 10-100 times). Modeled risk of 1:1M is actually one per ten million or one hundred million.
- The proposed ATCM reduces risk in some cases to one in one billion! (there are only 30+ million persons in the state)

Latest Proposed ATCM

- 20,000 AH/Y represents 1:1M or less modeled risk with fume suppressants at any distance (zero feet to infinity)
- 50,000 AH/Y represents 1:4M or less modeled risk with fume suppressants at 330 feet to infinity
- Actual risk is lower
- Industry supports these provisions since they are safe, low risk and cost-effective

Low Risk Small Business

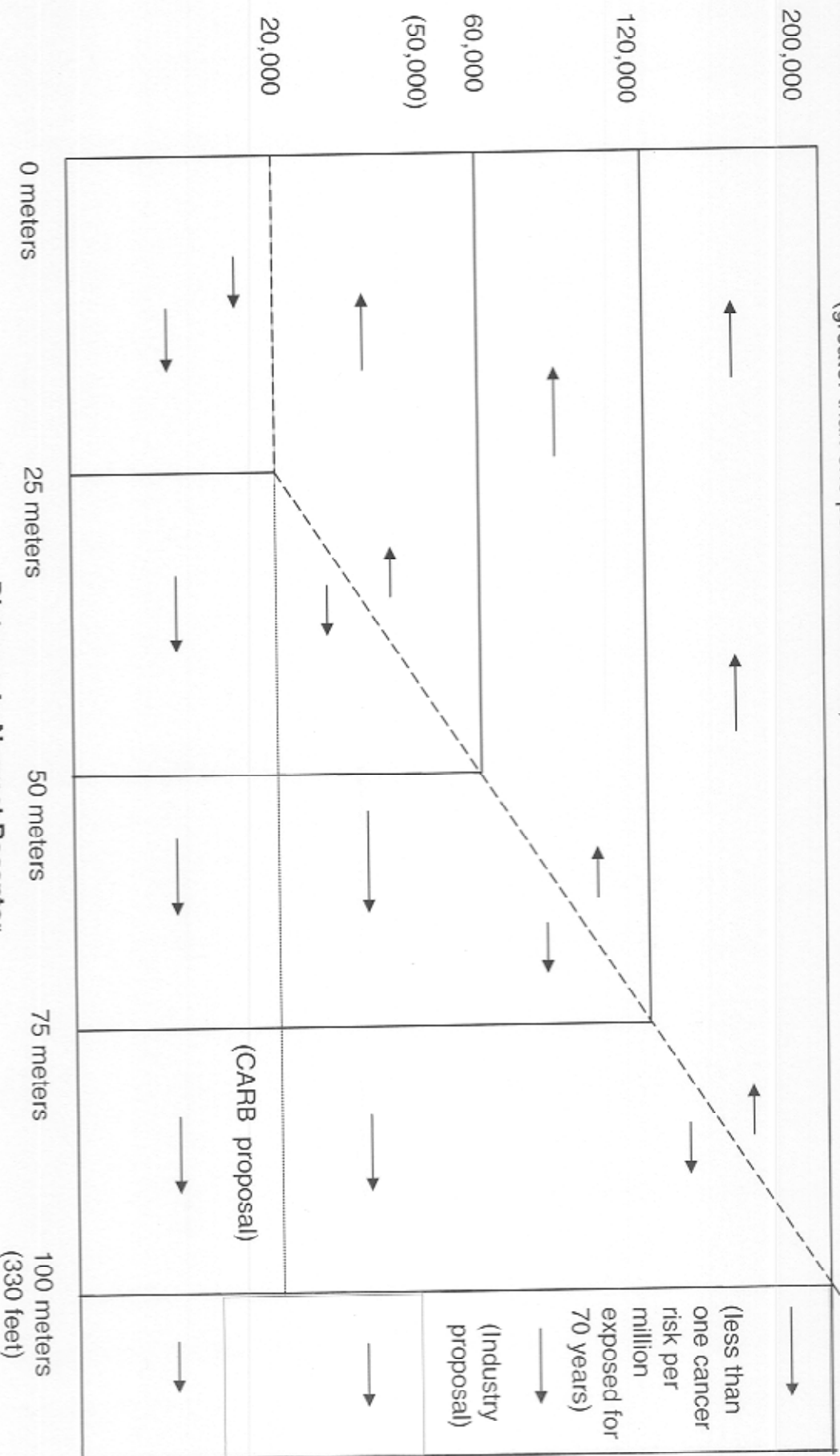
- The smallest shops (less than \$1M/year) generally use lowest amperage
- Facilities with less than 200,000 ampere-hours/year and greater than 330 feet from nearest receptor have **modeled** risk of 1:1M or less when using chemical fume suppressants
- Economic benefit to this group of facilities is very high since ability to survive is cost-driven
 - Cost of add-on technology could close these shops
- Industry proposes certified fume suppressants for facilities >330 feet up to 200,000 AH/Y

**Risk for
Chemical Fume Suppressants
(0.01 mg/ampere-hour)***

**Ampere-Hours
per year**

(greater than one per one million risk) →

one per
one
million
risk line



* All Conservative CARB assumptions applied

4. “Move-in” Provision

- Latest version of proposed ATCM removed requirement that facility annually measure and potentially change its permitting status based on sensitive receptors moving closer to the facility (“Move-in” provision)
 - September 28 version did not have requirement
- Latest version includes annual measure of distance to nearest sensitive receptor as part of compliance reports (Appendix 3). The annual measure is not required for any part of the proposed standard
- Industry endorses the original proposed ATCM and proposes deletion of Appendix 3 requirement since “move-in” provision no longer included

5. Recordkeeping and Housekeeping

- Proposed ATCM requires greater housekeeping diligence and documentation
- Consistent with SCAQMD Rule 1469
- Compliance verification and preventing fugitive emissions are excellent steps to validate low risk from metal finishing operations
- “Barrio Logan” scenario came from a rogue shop not part of the Associations
- Industry supports these provisions

Equivalency Proposal

- Industry proposes that CARB do one of the following to achieve :
 - A. Set 0.0015 mg/AH as threshold and make it “technology neutral” by eliminating add-on pollution control prescription

OR

- B. Include resolution in adoption of this PAATCM clarifying that local air districts will determine equivalency and directing CARB to review and oversee demonstrations and source tests of technology alternatives within first 12 months of Effective Date

A. Benefits of “technology neutral”

- Improved methods of control can be instituted and potentially improve upon the “add-on” control regime (compare Cal Electroplating that is 10 times lower)
- Costs to comply may be drastically reduced
- Lower costs reduce economic impact
- Elimination of add-on prescription removes concurrence component from proposed ATCM where federal component not triggered

B. Demonstration Benefit

- CARB can witness control mechanisms
 - Staff Report does not analyze technology and emissions well
 - This procedure will overcome the lack of information now available to CARB
- CARB can assist in tailoring compliance with local air districts
- CARB can directly oversee and validate alternatives to add-on controls
- Industry alternatives are given full and fair opportunity based on actual, not modeled results

Summary

- The Metaers operate clean shops and already hminated 99.9+% of Cr6. The Associati good neighbors and minimize risk. Roggs should be closed
- The MFAI STA request:
 - flexibilitypliance (i.e., no prescribed standard OR a redirecting a 12 month CARB demonstudy with industry)
 - foam blrtification (or allowance for local air districts)
 - fume sunt use for facilities between 50-200,00(ith 1:1M risk or less
 - annual measure deleted